

	<b>AGENDA ITEM NO.</b>
<b>Report Cover Sheet</b>	
<b>Name of Meeting:</b>	Executive
<b>Date of Meeting:</b>	11 <sup>th</sup> February
<b>Report Title:</b>	Progress on move to the introduction of a Business Improvement District in Leamington
<b>Summary of report:</b>	Sets out the current position regarding progress towards a BID. The impact a Yes vote will have on Warwick District Council, the continued need to deliver Town Centre Management and the services which the council would provide to support the BID.
<b>For further information please contact (report author);</b>	Ian Coker <a href="mailto:ian.coker@warwickdc.gov.uk">ian.coker@warwickdc.gov.uk</a> tel 01926 456227
<b>Business Unit:</b>	Leisure and Amenities
<b>Would the recommended decision be contrary to the policy framework:</b>	No
<b>Would the recommended decision be contrary to the budgetary framework:</b>	No
<b>Wards of the District directly affected by this decision:</b>	Clarendon / Milverton
<b>Key Decision?</b>	No
<b>Included within the Forward Plan?</b>	Yes/No (If Yes, include reference number)
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>	No
<b>Date and name of meeting when issue was last considered and relevant minute number:</b>	
<b>Background Papers:</b>	

<b>Consultation Undertaken</b>		
Below is a table of the Council's regular consultees. However not all have to be consulted on every matter and if there was no obligation to consult with a specific consultee they will be marked as n/a.		
<b>Consultees</b>	<b>Yes/ No</b>	<b>Who</b>
Other Committees	Yes	Leamington TCMI
Ward Councillors		
Portfolio Holders	Yes	Cllr Hammon
Other Councillors	Yes	Cllr Illingworth
Warwick District Council recognised Trades Unions	No	
Other Warwick District Council Service Areas	Yes	Dennis Stanley
Project partners	Yes	Leamington Town Centre Management Initiative / Leamington Chamber of Trade
Parish/Town Council	Yes	Leamington Town Council
Highways Authority	No	
Residents	No	
Citizens Panel	No	
Other consultees	Yes	
<b>Officer Approval</b>		
With regard to officer approval all reports must be approved by the report authors relevant director, Finance Services and Legal Services.		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director(s)	18-1-08	Mary Hawkins
Chief Executive		
CMT	17-1-08	
Section 151 Officer		
Legal	12-1-08	Simon Best
Finance	12-1-08	Jenny Clayton
<b>Final Decision?</b>	Yes/ No	
<b>Suggested next steps (if not final decision please set out below)</b>		

## **1. RECOMMENDATION(S)**

- 1.1 To agree to vote in support of a Business Improvement District (BID) in Leamington based on the businesses plan provided as Appendix 1 and as a result be liable to pay to the BID the levy. See 4.4.
- 1.2 To continue to fund the Leamington Town Centre Management (TCM) at the same level as present (£42k see 4.1) in 08/09. That continued level of funding being on the basis that the BID Company, if successful, will work alongside the TCMI where ever and when ever possible to support the town centre or if unsuccessful the TCMI would then continue in its current form and with the current budget.
- 1.3 To charge the BID Company £9,400 a year, for five years, to cover the cost of collecting the BID levy. See 6.11.
- 1.4 To agree, based on a “yes” vote, to advance the BID Company £100,000 on 1<sup>st</sup> May 2008 to allow the BID to start work establishing the BID. This money to be recouped from levy money received in payment of the invoices issued by WDC on behalf of the BID on 1<sup>st</sup> July 2008. See 6.12.

## **2. REASON(S) FOR THE RECOMMENDATION(S)**

- 2.1 BID Leamington will generate a working budget of around £250,000 a year. The BID Company, who will be responsible for managing that budget, is planning that that money will be spent on specific projects identified in the “business plan” which are all in support of Leamington Town Centre. See Business Plan attached.
- 2.2 This money is far greater then the £15,000 of private sector money which is currently raised in support of Town Centre Management projects. As a result the vitality and viability of Leamington town centre should improve which will be of benefit to the local authority, the local community and local residents.
- 2.3 To fund the BID Warwick District Council will need to issue invoices on behalf of BID Leamington which will incur a cost to the Authority which needs to be funded by the BID. Appendix 2 sets out how this would operate (Appendix 2 to be circulated at the meeting).
- 2.4 In order to become “operational” as quickly as possible the BID needs to have funds in place as soon as possible. The agreement to advance the £100,000 is to allow this to take place which as a result will allow the company to operate from start delivering services from July / August 2008.

## **3. ALTERNATIVE OPTION(S) CONSIDERED**

- 3.1 Not to support the principle of a BID. This was discounted on the basis that whilst Warwick District Council will not control the money spent by the BID Company, that money will be spent on projects which would promote the town centre and be aimed at improving the vitality and viability of the town centre.
- 3.2 To reduce or remove the Town Centre Manager role. This was discounted on the basis that the Leamington BID covers around 480 of the 1500 business in the town centre. As the BID will not represent the other 1,000 businesses and will not be

delivering all aspects of town centre management, an important role still exists for TCM.

- 3.3 To purchase the IBS BID system now at a cost of £53k to provide the billing system for BID's in anticipation of the BID gaining a "yes" vote. This was rejected at the present time as the IBS system is only of benefit if a BID is established, so there would be a substantial risk to the Council of purchasing this system before a yes vote is secured.

#### **4. BUDGETARY FRAMEWORK**

- 4.1 The costs of salaries and supplies and services in support of the current Leamington TCMI are £69k. This is in part offset by income from the private sector of £15k and from the public sector supporters of £12k. As a result the direct costs are £42k.
- 4.2 It is anticipated that the majority of the existing financial support for the TCMI from the private sector (£15k) will move to funding for the BID as many of the companies who currently support the TCMI are located in the BID area.
- 4.3 As a result the external income in support of the TCMI would be reduced from £27k to £12k. However proposals are in place to reduce spending on projects during 08/09 from £20k to £12k and to employ a part time rather than full time TCM. The salary saving will be moved back into project funding.
- 4.4 The District Council as a business ratepayer is liable to pay the levy to the BID. If the BID levy is applied at 1.5% of business rates then the Council will need to pay £6,000 a year to the BID. This represents 2% of the estimated income of £300,000.
- 4.4 If the BID fails to gain a "yes" vote then the TCMI will continue operating in 08/09 with exactly the same budget as is currently available.

#### **5. POLICY FRAMEWORK**

- 5.1.1 The continued development of TCM supports the Policy Framework of making the town centre more accessible and improving the vitality and viability of the town centre.

#### **6. Background**

- 6.1 Town Centre Management has been operating since 1998 in three town centres across the district.
- 6.2 The Leamington TCMI has benefited from on-going private sector funding with the result that around £20,000 a year is spent on "projects". However this private sector money is not guaranteed and during the last two years this income has started to fall. As a result the TCMI has investigated the possibility of introducing a Business Improvement District (BID) in Leamington.
- 6.3 A successful BID would guarantee a level of private sector income which would provide an operational budget in the region of £250,000 a year for the five year life of the BID. This money would be managed by a limited liability BID Company which

would deliver specific projects which are set out in a BID business which will be voted on in February / March 2008. A copy of the Business Plan is included as Appendix 1.

- 6.4 The BID has issued its business plan with a vote taking place in February / March. All retail and leisure businesses that pay business rates within the area defined by the BID will be eligible to vote. The BID must secure a “yes” from more than 50% of those ratepayers who vote and that those voting “yes” must also be more than 50% of the ratable value of those voting. If a “yes” vote is secured then the BID Company is expecting to be in a position to be operating from July 2008.
- 6.5 The BID Company will be operating on behalf of the around 480 retail and leisure businesses located within the BID area. The BID area is identified in businesses plan.
- 6.6 The current 07/08 town centre management budget is set out below.

Type of expenditure	Budget £k
Cost of salaries and transport	£43k full time post band C
Supplies and services support post	£26K includes £19k for projects
Total expenditure cost to WDC	£69k
Non WDC income to TCMI	£27k
Net cost to WDC of the service	£42k

- a) The current salary costs are £43k including cost to employ.
- b) Of the £27k non WDC income received £15k comes from the private sector and is used to fund projects together with £4k in the original WDC budget.
- c) As a result the net direct cost to WDC of operating the Leamington TCMI is £42k in 07/08.
- 6.7 The proposed budget for the TCMI 08/09 based on a “yes” vote in March 2008 is set out below.

Type of expenditure	£k
Cost of salaries and transport	£35k based on 30 hrs a week / £28k in 08/09
Supplies / Services support of post.	£7k
Projects	£12k / £19k in 08/09
Total expenditure cost to WDC	£54k
Non WDC income to TCMI	£12k
Net cost to WDC of the service	£42k

- a) By maintaining a full time TCMI the “project” budget for 08/09 then that officer would have just £4k to undertake project work.
- b) To minimise the impact of just £4k a year for projects the TCMI recommended a reduction in TCMI staffing from full time down to 30 hours a week. This would provide a saving on salaries of £8k. This £8k could then be reinvested in “projects” to help make up for some of the loss of private sector money in 08/09.

- c) Together with the original £4k already in the WDC budget a total of £12k would be available to support projects, some of which we would expect to be linked to work that the BID delivers. A further saving on salaries in 08/09 ( the TCM would not be employed until September) would add a further £7k to the money available in support of projects making the total £19k.
  - d) As a result the net direct cost to WDC of operating the Leamington TCM are expected to be £42k in 08/09.
- 6.8) A Leamington BID is expected to spend some £250k per year for five years on projects so the level of projects which will benefit the town centre will increase from £19k per year to £262k.
- 6.9 In order for the BID Company to operate it will need to issue invoices to all those businesses within the BID. This is done with the support of the local authority, with the costs of operating that system passed back to the BID Company. There are two ways the invoices can be issued, either via the Non Domestic Rates system operated via Revenues or via the Sundry Debtors operated via Finance.
- 6.10 The capital cost of adding the BID function to the existing IBS NDR system is £53.5k over five years with an additional annual revenue cost of £22.6k. Given that the number of invoices to be issued is under 500 the cost of issuing an invoice would be around £70 for each invoice per year. The IBS system is only of benefit if a BID was to be established so there would be a substantial risk to the Council of purchasing this system before a vote has taken place.
- 6.11 The alternative method is via the sundry debtor system. This would require information to be added to the TASK system. The revenues costs incurred by WDC will be charged back to the BID. The revenue costs are expected to be in the region of £20 per invoice issued (470 invoices) £9,400 and the procedure for operating this is set out in Appendix 1.
- 6.12 Following a “yes” vote Warwick District Council will advance the Leamington BID £100,000 of the total £300,000 projected income in May 2008 to allow the BID to set itself up. Warwick District Council will then pay the remaining money to the BID over a phased period up to the total amount of money raised via the BID invoices. It could be necessary for the BID to review with the Council the level of bad debt and agree what measures the Council will take to recoup this bad debt on behalf of the BID. This could increase the cost charged to the BID by the Council to provide the billing service, however the level of bad debt experienced by other BID’s is very low.
- 6.13 Dependant on the outcome of the BID vote the TCM will seek to either appoint a TCM on 30 hours a week (if the BID is successful) or a full time TCM if the BID is unsuccessful. In either case the TCM is unlikely to be in post much before early September.